

AMENDED IN SENATE SEPTEMBER 10, 1997

AMENDED IN SENATE AUGUST 12, 1997

AMENDED IN ASSEMBLY MAY 20, 1997

CALIFORNIA LEGISLATURE—1997–98 REGULAR SESSION

## ASSEMBLY BILL

No. 1572

Introduced by Assembly Members Villaraigosa and  
*Cardenas Gallegos*

March 17, 1997

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~~An act to add Section 14007.55 to the Welfare and Institutions Code, relating to Medi-Cal, and An act to amend Section 101755 of the Health and Safety Code, to add Sections 12693.105, 12693.16, and 12693.365 to the Insurance Code and to amend Sections 14087.51, 14087.52, and 14087.53 of the Welfare and Institutions Code, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~

### LEGISLATIVE COUNSEL'S DIGEST

AB 1572, as amended, Villaraigosa. Health services.

~~Existing law provides for the Medi-Cal program, administered by the State Department of Health Services, under which qualified low-income persons are provided with health care services. The Medi-Cal program is this state's version of the federal medicaid program.~~

~~Under existing law, certain aliens are eligible to receive the full scope of Medi-Cal benefits, while others who are ineligible~~

~~for these benefits are eligible to receive pregnancy-related services and long-term care services.~~

~~Existing federal law changes the categories of aliens that a state may make eligible for the full scope of medicaid benefits, and specifies that in order to provide other state-funded benefits to aliens not eligible for these benefits, the state must enact a statute after August 22, 1996.~~

~~This bill would specify that otherwise eligible aliens receiving long-term care under the Medi-Cal program on September 30, 1997, shall continue to be eligible for long-term care services.~~

~~By requiring each county to make Medi-Cal eligibility determinations for applicants and recipients, the bill would impose a state-mandated local program.~~

~~The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the creation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.~~

~~This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions:~~

~~(1) Existing law permits a special commission to be created in San Mateo County, San Bernardino County, Santa Barbara County, and Ventura County, in order to, among other things, enter into contracts for the provision of health care services to the county's Medi-Cal recipients.~~

~~This bill would, in addition, permit these commissions to enter into contracts for the provision of health care services to subscribers in the Healthy Families Program proposed to be created by AB 1126 of the 1997-98 Regular Session.~~

~~(2) The bill would appropriate \$1,770,000 from the General Fund for allocation, as specified, in the 1997-98 fiscal year, to the Managed Risk Medical Insurance Board for the establishment of the Healthy Families Program, and to the State Department of Health Services to implement specified changes in Medi-Cal and to develop and operate an education~~

and outreach campaign proposed pursuant to SB 903 of the 1997–98 Regular Session. The bill would also appropriate \$3,132,000 from the federal trust fund for allocation, as specified in the 1997–98 fiscal year, for these purposes.

(3) The bill would also make changes to the Healthy Families Program proposed to be created by AB 1126 and SB 903 of the 1997–98 Regular Session related to participation of geographic managed care plans, as defined, in the Healthy Families Program to be operated by the Managed Risk Medical Insurance Board.

(4) The bill would declare that it should take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: ~~yes~~ no.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 14007.55 is added to the Welfare~~  
2     ~~and Institutions Code, to read:~~  
3     ~~14007.55. (a) Any alien who is otherwise eligible for~~  
4     ~~Medi-Cal services, receiving long-term care benefits~~  
5     ~~under this chapter on September 30, 1997, under the~~  
6     ~~authority of subdivision (f) of Section 1 of Chapter 1441~~  
7     ~~of the Statutes of 1988, shall continue to be eligible for~~  
8     ~~long-term care services.~~  
9     ~~(b) This section shall become operative and take effect~~  
10    ~~only if subdivision (f) of Section 1 of Chapter 1441 of the~~  
11    ~~Statutes of 1988, or subdivision (k) of Section 14007.5 is no~~  
12    ~~longer in effect as the result of a final court ruling.~~  
13    ~~(c) It is the intent of the Legislature that the~~  
14    ~~determination of any issue in any litigation that is pending~~  
15    ~~on the effective date of this section not be prejudiced by~~  
16    ~~the enactment of this section.~~  
17    ~~SEC. 2. Notwithstanding Section 17610 of the~~  
18    ~~Government Code, if the Commission on State Mandates~~  
19    ~~determines that this act contains costs mandated by the~~  
20    ~~state, reimbursement to local agencies and school~~  
21    ~~districts for those costs shall be made pursuant to Part 7~~  
22    ~~(commencing with Section 17500) of Division 4 of Title~~  
23    ~~2 of the Government Code. If the statewide cost of the~~

~~claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.~~

~~Notwithstanding Section 17580 of the Government Code, unless otherwise specified, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.~~

*SECTION 1. Section 101755 of the Health and Safety Code is amended to read:*

*101755. Notwithstanding any other provision of law, the state or any state agency may enter into contracts with the authority for the authority to obtain or arrange for health care under the authority's health care systems, for all persons who are eligible to receive medical benefits under the Medi-Cal Act, as set forth in Section 14000 et seq., of the Welfare and Institutions Code, and to enter into contracts for the provision of health care services to subscribers in the Healthy Families Program, in Santa Barbara County through waiver, pilot project, or otherwise.*

*SEC. 2. Section 12693.105 is added to the Insurance Code, to read:*

*12693.105. A health care service plan, as defined in subdivision (b) of Section 12693.10, shall include a plan operating as a geographic managed care plan.*

*SEC. 3. Section 12693.16 is added to the Insurance Code, to read:*

*12693.16. "Geographic managed care plan" means an entity that is operating pursuant to a contract entered into under Article 2.91 (commencing with Section 14089) of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions Code.*

*SEC. 4. Section 12693.365 is added to the Insurance Code, to read:*

*12693.365. Geographic managed care plans that have a contract with the Department of Health Services, that contract with the program, and that are licensed by the Department of Corporations but do not have a commercial license from the Department of Corporations, may contract with the board for a*

1 *maximum of 12 months. During this 12-month period,*  
2 *those plans shall be required to be in good standing with*  
3 *the Department of Corporations and shall demonstrate to*  
4 *the board that they are making a good faith effort to*  
5 *obtain a commercial license from the Department of*  
6 *Corporations. In their application to the program, those*  
7 *plans shall provide assurance of their standing with the*  
8 *Department of Corporations and shall outline their plans*  
9 *for obtaining commercial licensure.*

10 *SEC. 5. Section 14087.51 of the Welfare and*  
11 *Institutions Code is amended to read:*

12 14087.51. It is necessary that a special commission be  
13 established in San Mateo County and in any other county  
14 designated by the California Medical Assistance  
15 Commission in order to meet the problems of the delivery  
16 of publicly assisted medical care in the counties and to  
17 demonstrate ways of promoting quality care and cost  
18 efficiency.

19 The Board of Supervisors of San Mateo County and of  
20 the designated counties may, by ordinance, establish  
21 commissions to negotiate the exclusive contracts  
22 specified in Section 14087.5 and to arrange for the  
23 provision of health care services provided pursuant to this  
24 chapter; *and to enter into contracts for the provision of*  
25 *health care services to subscribers in the Healthy Families*  
26 *Program.* If the board of supervisors elects to enact this  
27 ordinance, all rights, powers, duties, privileges, and  
28 immunities vested in a county by this article shall be  
29 vested in the county commission. Any reference in this  
30 article to “county” shall mean a commission established  
31 pursuant to this section.

32 The enabling ordinance shall specify the membership  
33 of the county commission, the qualifications for  
34 individual members, and such other matters as the board  
35 of supervisors deems necessary or convenient for the  
36 conduct of the county commission’s activities. All  
37 commissioners shall be appointed by majority vote of the  
38 board of supervisors and shall serve at the pleasure  
39 thereof. The board of supervisors may appoint no more  
40 than two of its own members to serve on the commission.

1 As an alternative to establishing a separate commission,  
2 the enabling ordinance may designate the board of  
3 supervisors itself as the commission authorized by this  
4 article.

5 *SEC. 6. Section 14087.52 of the Welfare and*  
6 *Institutions Code is amended to read:*

7 14087.52. (a) It is necessary that a special commission  
8 be established in San Bernardino County in order to meet  
9 the problems of the delivery of publicly assisted medical  
10 care in the county and to demonstrate ways of promoting  
11 quality care and cost efficiency. Because there is no  
12 general law under which such a commission could be  
13 formed, the adoption of a special act and the formation of  
14 a special commission is required.

15 (b) The Board of Supervisors of San Bernardino  
16 County may, by ordinance, establish a commission to  
17 negotiate the exclusive contract specified in Section  
18 14087.5 and to arrange for the provision of health care  
19 services provided pursuant to this chapter; *and to enter*  
20 *into contracts for the provision of health care services to*  
21 *subscribers in the Healthy Families Program.* If the board  
22 of supervisors elects to enact this ordinance, all rights,  
23 powers, duties, privileges, and immunities vested in a  
24 county by this article shall be vested in the county  
25 commission. Any reference in this article to “county”  
26 shall mean the commission established pursuant to this  
27 section.

28 (c) It is the intent of the Legislature that if such a  
29 commission is formed, the County of San Bernardino  
30 shall, with respect to its medical facilities and programs,  
31 occupy no greater or lesser status than any other health  
32 care provider in negotiating with the commission for  
33 contracts to provide health care services.

34 (d) The enabling ordinance shall specify the  
35 membership of the county commission, the qualifications  
36 for individual members, the manner of appointment,  
37 selection, or removal of commissioners, and how long  
38 they shall serve, and any other matters as the board of  
39 supervisors deems necessary or convenient for the  
40 conduct of the county commission’s activities. The

1 commission so established shall be considered an entity  
2 separate from the county, shall file the statement  
3 required by Section 53051 of the Government Code, and  
4 shall have, in addition to the rights, powers, duties,  
5 privileges, and immunities previously conferred, the  
6 power to acquire, possess, and dispose of real or personal  
7 property, as may be necessary for the performance of its  
8 functions, to employ personnel and contract for services  
9 required to meet its obligations, and to sue or be sued.  
10 Any obligations of the commission, statutory, contractual,  
11 or otherwise, shall be the obligations solely of the  
12 commission and shall not be the obligations of the county  
13 or of the state unless expressly provided for in a contract  
14 between the commission and the county or state.

15 (e) Upon creation, the commission may borrow from  
16 the county, and the county may lend the commission  
17 funds, or issue revenue anticipation notes to obtain those  
18 funds necessary to commence operations.

19 (f) In the event the commission may no longer  
20 function for the purposes for which established, at such  
21 time as the commission's then existing obligations have  
22 been satisfied or the commission's assets have been  
23 exhausted, the board of supervisors may by ordinance  
24 terminate the commission.

25 (g) Prior to the termination of the commission, the  
26 board of supervisors shall notify the State Department of  
27 Health Services of its intent to terminate the commission.  
28 The department shall conduct an audit of the  
29 commission's records within 30 days of notification to  
30 determine the liabilities and assets of the commission.  
31 The department shall report its findings to the board  
32 within 10 days of completion of the audit. The board shall  
33 prepare a plan to liquidate or otherwise dispose of the  
34 assets of the commission and to pay the liabilities of the  
35 commission to the extent of the commission's assets, and  
36 present the plan to the department within 30 days upon  
37 receipt of these findings.

38 (h) Upon termination of the commission by the board,  
39 the County of San Bernardino shall manage any  
40 remaining assets of the commission until superseded by

1 a department approved plan. Any liabilities of the  
2 commission shall not become obligations of the county  
3 upon either the termination of the commission or the  
4 liquidation or disposition of the commission's remaining  
5 assets.

6 (i) Any assets of the commission shall be disposed of  
7 pursuant to provisions contained in the contract entered  
8 into between the state and the commission pursuant to  
9 this article.

10 *SEC. 7. Section 14087.53 of the Welfare and*  
11 *Institutions Code is amended to read:*

12 14087.53. (a) It is necessary that a special commission  
13 be established in Ventura County in order to meet the  
14 problems of the delivery of publicly assisted medical care  
15 in the county and to demonstrate ways of promoting  
16 quality care and cost efficiency. Because there is no  
17 general law under which such a commission could be  
18 formed, the adoption of a special act and the formation of  
19 a special commission is required.

20 (b) The Board of Supervisors of Ventura County may,  
21 by ordinance, establish a commission to negotiate the  
22 exclusive contract specified in Section 14087.5 and to  
23 arrange for the provision of health care services provided  
24 pursuant to this chapter; *and to enter into contracts for*  
25 *the provision of health care services to subscribers in the*  
26 *Healthy Families Program.* If the board of supervisors  
27 elects to enact this ordinance, all rights, powers, duties,  
28 privileges, and immunities vested in a county by this  
29 article shall be vested in the county commission. Any  
30 reference in this article to "county" shall mean the  
31 commission established pursuant to this section.

32 (c) The enabling ordinance shall specify the  
33 membership of the county commission, the qualifications  
34 for individual members, the manner of appointment,  
35 selection, or removal of commissioners, and how long  
36 they shall serve, and any other matters as the board of  
37 supervisors deems necessary or convenient for the  
38 conduct of the county commission's activities. The  
39 commission so established shall be considered an entity  
40 separate from the county, shall file the statement



1 required by Section 53051 of the Government Code, and  
2 shall have, in addition to the rights, powers, duties,  
3 privileges, and immunities previously conferred, the  
4 power to acquire, possess, and dispose of real or personal  
5 property, as may be necessary for the performance of its  
6 functions, to employ personnel and contract for services  
7 required to meet its obligations, and to sue or be sued.  
8 Any obligations of the commission, statutory, contractual,  
9 or otherwise, shall be the obligations solely of the  
10 commission and shall not be the obligations of the county  
11 or of the state.

12 (d) Upon creation, the commission may borrow from  
13 the county and the county may lend the commission  
14 funds, or issue revenue anticipation notes to obtain those  
15 funds necessary to commence operations.

16 (e) In the event the commission may no longer  
17 function for the purposes for which established, at such  
18 time as the commission's then existing obligations have  
19 been satisfied or the commission's assets have been  
20 exhausted, the board of supervisors may by ordinance  
21 terminate the commission.

22 (f) Prior to the termination of the commission, the  
23 board of supervisors shall notify the State Department of  
24 Health Services of its intent to terminate the commission.  
25 The department shall conduct an audit of the  
26 commission's records within 30 days of notification to  
27 determine the liabilities and assets of the commission.  
28 The department shall report its findings to the board  
29 within 10 days of completion of the audit. The board shall  
30 prepare a plan to liquidate or otherwise dispose of the  
31 assets of the commission and to pay the liabilities of the  
32 commission to the extent of the commission's assets, and  
33 present the plan to the department within 30 days upon  
34 receipt of these findings.

35 (g) Any assets of the commission shall be disposed of  
36 pursuant to provisions contained in the contract entered  
37 into between the state and the commission pursuant to  
38 this article.

39 (h) It is the intent of the Legislature that if such a  
40 commission is formed, the County of Ventura shall, with

1 respect to its medical facilities and programs, occupy no  
2 greater or lesser status than any other health care  
3 provider in negotiating with the commission for contracts  
4 to provide health care services.

5 (i) Upon termination of the commission by the board,  
6 the County of Ventura shall manage any assets of the  
7 commission until superseded by a department approved  
8 plan. Any liabilities of the commission shall not become  
9 obligations of the county upon either the termination of  
10 the commission or the liquidation or disposition of the  
11 commission's remaining assets.

12 *SEC. 8. (a) There is hereby appropriated from the*  
13 *General Fund the sum of one million seven hundred*  
14 *seventy thousand dollars (\$1,770,000), for the 1997-98*  
15 *fiscal year, to be allocated as soon after the effective date*  
16 *of the act enacting this section as practical. These funds*  
17 *shall be allocated as follows:*

18 *(1) Five hundred sixty thousand dollars (\$560,000) to*  
19 *the Managed Risk Medical Insurance Board for the*  
20 *establishment of the Healthy Families Program as*  
21 *described in Assembly Bill 1126 of the 1997-98 Regular*  
22 *Session.*

23 *(2) One million two hundred ten thousand dollars*  
24 *(\$1,210,000) to the State Department of Health Services*  
25 *for administrative costs to implement changes in*  
26 *Medi-Cal and to develop and operate the education and*  
27 *outreach campaign contained in Senate Bill 903 of the*  
28 *1997-98 Regular Session.*

29 *(b) There is hereby appropriated from the federal*  
30 *trust fund the sum of three million one hundred thirty*  
31 *two thousand dollars (\$3,132,000) for the 1997-98 fiscal*  
32 *year, to be allocated as soon after the effective date of the*  
33 *act enacting this section as practical. These funds shall be*  
34 *allocated as follows:*

35 *(1) One million forty thousand dollars (\$1,040,000) to*  
36 *the Managed Risk Medical Insurance Board for the*  
37 *establishment of the Healthy Families Program as*  
38 *described in Assembly Bill 1126 of the 1997-98 Regular*  
39 *Session.*

1 (2) *Two million ninety two thousand dollars*  
2 *(\$2,092,000) to the State Department of Health Services*  
3 *for administrative costs to implement changes in*  
4 *Medi-Cal and to develop and operate the education and*  
5 *outreach campaign contained in Senate Bill 903 of the*  
6 *1997–98 Regular Session.*

7 ~~SEC. 3.~~

8 SEC. 9. This act is an urgency statute necessary for the  
9 immediate preservation of the public peace, health, or  
10 safety within the meaning of Article IV of the  
11 Constitution and shall go into immediate effect. The facts  
12 constituting the necessity are:

13 ~~In order to ensure the provision of medically necessary~~  
14 ~~long-term care services to undocumented aliens, it is~~  
15 ~~necessary that this act take effect immediately.~~

16 *In order to assist in implementing the Healthy Families*  
17 *Program as quickly as possible, thereby extending health*  
18 *insurance coverage to uninsured children, it is necessary*  
19 *that this act take effect immediately.*

